

INTERNATIONAL COINAGE.

JANUARY 19, 1897.—Committed to the Committee of the Whole House on the state of the Union and ordered to be printed.

Mr. CHARLES W. STONE, from the Committee on Coinage, Weights, and Measures, submitted the following

REPORT.

[To accompany H. Res. No. 183.]

The Committee on Coinage, Weights, and Measures, to whom was referred House resolution No. 183, "Authorizing preliminary proceedings looking to the adoption of an international coin or coins," respectfully report back the same, with the recommendation that it do pass, with certain amendments hereinafter fully stated.

One of the earliest cares of the founders of the Republic was to replace the diversified coins and monetary systems of the several States with common coins which should be current in all the States. Hence by the Constitution they clearly vested in the General Government the exclusive power to coin money. A series of coins was adopted, decimal in character, convenient of use, and easy of computation. Jefferson even then looked forward to the adoption of an international unit and other financiers of that formative period shared in the hope. Various obstacles have prevented the realization of that anticipation although the reasons for such action have grown stronger with each succeeding year, and to-day there is scarcely an argument of a hundred years ago in favor of a national coinage by the United States that does not obtain with equal force in favor of an international coinage by the commercial world. Methods of communication have been so improved and perfected that for business purposes England and France are nearer to the United States to-day than Georgia and South Carolina were to Massachusetts when our Constitution was adopted, and the business bond between nations is vastly closer now than it was then between the States. The volume of trade between the United States and England is greater to-day than all the trade of European nations with each other and America two hundred years ago. Modern civilization and the inventive genius of the nineteenth century have proved potent in bringing the nations nearer together and breaking down the barriers to their free intercourse. National animosities, prejudices, and jealousies have also been largely mollified and the bonds of trade and business intercourse draw closer year by year.

The desirability of an international currency of some form or kind that would afford a universal measure of value and a convenient medium of exchange in all lands has been fully understood by statesmen of our own country as well as by financiers of foreign lands. It has in years gone by received attention in both Houses of Congress. Forty years

ago it was asserted in the House of Representatives in the discussion of the subject of international coinage that—

Next to a universal language, everywhere spoken and everywhere understood, it will as eminently conduce to general peace and general good understanding among nations as any other measure which can be devised.

In 1866 the Coinage Committee of the House of Representatives in a report then presented say that—

Their conviction is clear that international uniformity is of the utmost importance for the convenience of our external trade and of our general intercourse with foreign nations; and that at this time especially it is the duty of the Government to prosecute with energy its efforts to effect an agreement with the leading nations of Europe on this subject.

Ten years later the Senate Finance Committee, through Senator Sherman, say:

The importance of a common monetary standard among commercial nations has always been conceded. It has been the hope of philosophers and statesmen and the demand of writers on political economy for centuries.

As expressing the views of intelligent financiers in other lands, we quote the recent forcible expression of the president of the National Bank of Netherlands, as follows:

With the enormous international trade now going on and likely to increase year by year, the first question of the day should be international currency to which the internal currency of each country has to adapt itself. * * * Such a system will soon be absolutely indispensable to that broader civilization to which the evolution of the race is leading us.

The first formal attempt of the United States to secure an assimilation of its own currency system with that of other nations was made in a timid and halting way in 1857, when the following resolution was adopted:

Resolved, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to appoint some suitable person as agent or commissioner to confer with the proper functionaries in Great Britain in relation to some plan or plans of so mutually arranging, on the decimal basis, the coinage of the two countries as that the respective units shall be thereafter easily and exactly commensurable, and to embody the result of such conference in a statement and report, to be laid before Congress as early as practicable; and that the compensation of such agent or commissioner shall not exceed \$5,000 in full for his services and expenses.

This resolution was approved February 26, 1857, and nearly seven months later, on September 17, 1857, Prof. J. W. Alexander was appointed the commissioner thus authorized. He proceeded to England, and considerably more than a year later transmitted to the United States Government as the only outcome of his mission a communication from the British foreign office expressing a willingness to consider any proposition the United States might make, but such proposition never seems to have been made.

In 1861, in his annual report, Secretary Chase invites—

attention of Congress to the importance of a uniform system and a uniform nomenclature of weights and measures and coins to the commerce of the world, in which the United States so largely shares.

In his report for 1862 he definitely proposed to make our half eagle equal in value to the English sovereign. In 1863 he again calls attention to his previous recommendations. In the same year the International Statistical Congress at Berlin, in which the United States was represented, discussed the feasibility of assimilating the coinage of the different nations into a common system, and recommended the calling of a special congress to consider that subject. This congress, convened for the purpose named, was held at Paris in 1867, in which the United

States took part with eighteen other nations. With little difference of opinion this conference agreed upon and recommended to their respective Governments the adoption of the 5-franc piece as the unit of an international system of coinage and the coining by France of a 25-franc gold piece to which the sovereign of Great Britain and the half eagle of the United States should be made to conform. A bill to carry into effect this recommendation, so far as the United States was concerned, was introduced by Senator Sherman in the Fortieth Congress (Senate bill No. 217), and in the same Congress Senator Frelinghuysen introduced a bill (Senate bill No. 412) to make our half eagle conform to the sovereign of Great Britain, thus making that coin the international unit. The Finance Committee of the Senate reported favorably the bill of Senator Sherman and negatively that of Senator Frelinghuysen, but neither seems to have been reached in the Senate for action.

In the Congress immediately preceding, Mr. Kasson in the House had reported from the Committee on Coinage, Weights, and Measures a resolution authorizing the President—

to appoint a special commissioner to negotiate with foreign Governments for the establishment of the common unit of money of identical value in all commercial countries adopting the same.

This resolution, however, was not pressed, as the Paris International Conference to consider the same subject was then soon to be held.

Those were days of doubt and uncertainty and confused ideas in finance. We were on a paper basis without even domestic coins in circulation or definite prospect thereof, and it seemed futile to then bother about international coins, and Congress gave the matter no serious attention. Soon after, however, measures were taken to reorganize the mint in contemplation of the resumption of specie payments, the act of 1873 was passed, and the "battle of the standards," better designated as the war of the standards, which had already begun to convulse Europe, was extended to this country and has been fiercely waged ever since. Effort after effort has been made by international conference to secure some international agreement on a common ratio between gold and silver and an unlimited or at least enlarged coinage of silver on that ratio. These conferences have failed, and the inability to adjust internationally the relations between gold and silver has stood in the way of any serious or practical consideration of the feasibility of the adoption of a common coin or coins for all commercial nations.

In 1879 our minister at Vienna, in a communication to the State Department, which was transmitted to Congress, urged the adoption of the 8-florin piece of Austria for international uses, and the coining by the United States of a 4-dollar gold piece to correspond with it in value; and, on reference of this communication to the Coinage Committee, Alexander H. Stephens, then chairman of that committee, reported a bill "to authorize a new coin for international use, to be known as the 'Stella,'" and for other purposes. This bill provided for the 4-dollar piece of gold alloyed with silver, but also provided for certain other and different coins composed mainly of silver, and failed to commend itself to the approval of the House.

The International American Conference, which met in Washington in 1890, on April 2 of that year, passed the following resolutions:

1. That an international monetary union be established.
2. That as a basis for this union an international coin or coins be issued, which shall be uniform in weight and fineness, and which may be used in all the countries represented in this conference.
3. That to give full effect to this recommendation there shall meet in Washington

a commission composed of one delegate or more from each nation represented in this conference which shall consider the quantity, the kind of currency, the uses it shall have, and the value and proportion of the international coin or coins, and their relations to gold.

This International American Monetary Commission, called in pursuance of these resolutions, was composed of delegates from Bolivia, Brazil, Colombia, Chile, Hayti, Hawaii, Honduras, Mexico, Nicaragua, Peru, Uruguay, Venezuela, Argentine Republic, Costa Rica, and the United States, and met in Washington in 1891. There seemed entire unanimity of sentiment in the commission, and their views were expressed in a formal report formulated by a committee, and from which the following extract is taken:

It is impossible not to wish for the creation of a system of uniform coins, which would cause the economical international relations to be both more moral and safe, and would keep in the hands of an active majority of the merchants, with consequent advantage to the mass of buyers of their cheapened products, the amount accruing exclusively to-day to the agents and manipulators of exchanges.

The common value of coins would facilitate all mercantile transactions as much as an unsafe exchange hinders and frightens them.

During the sessions of the commission the president thereof, M. Romero, of Mexico, expressed the following views:

I have been for some time of opinion that if all the American nations should reach an agreement which would secure to them a common coin, and especially if this were to be a legal tender in all of them, the effect of such agreement would be so marked in Europe, and especially in England, that it would be likely to induce that power to join in the agreement, as she could not afford to allow the United States to have commercial advantages in the American continent which she could not share.

This commission, however, encountered the same trouble which had stood in the way of the success of other international monetary conferences, to wit, the difficulty of reconciling views as to a general monetary standard, or of establishing a fixed ratio between gold and silver. This question was then agitating the entire commercial world, and in the hope that some solution of it might be reached by agreement with European nations, the commission adopted by unanimous vote the following resolution:

Resolved, That this commission bring its sessions to a close, expressing the wish that before long another commission may meet which shall reach an agreement that will secure the adoption of a uniform monetary system between the nations of America, advantageous to each and all.

In all these efforts and movements toward assimilating the coins of nations into a common system there has been no difference of opinion as to the desirability of such result. That is beyond possible question or doubt. The attainment of it, however, has been thought to be dependent on the adoption of a bimetallic standard or at least on a prior agreement on a fixed ratio between silver and gold, and hence that subject came to the front in all efforts to obtain uniformity of coinage. The two subjects are not necessarily interdependent, and it is submitted that the problem of international agreement may at this time be fairly approached from the other direction. All the great nations are now practically in accord as to their monetary standard and as to the general character of their monetary systems. Gold is the standard in all the great commercial nations, and silver is coined only on Government account and only in quantities limited by each Government. Existing facts, whether they accord with our wishes, feelings and preferences or not, may as well be recognized as facts.

The commercial world, then, is united to-day on a common standard. The effort to change that standard or to add an enlarged use of silver,

a struggle that may be protracted for many years, ought not to stand in the way of the adoption of common coins conforming to existing systems and changing when these systems change. A change in monetary standards or any substantial change in the relation of the great money metals must come, if it come at all, by international cooperation, which would carry with it any necessary change in a common coinage, if, in fact, any change should be necessary.

In other words, there would seem to be no substantial reason why nations now using their own gold coins as primary money might not use in the same way gold coins common to other nations, nor why silver coins, now limited in coinage and exchangeable for gold in the respective nations where coined, might not under treaty stipulations be replaced by common coins similarly limited and exchangeable and everywhere current.

The problems, however, involved in the international coinage of gold and silver are so far distinct and different that they may be best separately considered.

The international conference of 1867 agreed upon and recommended the 5-franc piece as the unit of international coinage, and coupled with their recommendation the condition that France should coin a 25-franc piece, which she did not then and does not now do. The adoption of that plan would necessitate the reduction of the sovereign and the half eagle to the weight and value of the proposed 25-franc piece. This, if adopted, would bring the international coinage into substantial accord with the coinage of the Latin Union, of Spain, and of some of the South American States. To this there would seem to be no very serious objection beyond the natural attachment and partiality of each nation to its own coin, and the reluctance to yield to any single nation the prestige of the adoption of its distinctive coinage.

The fact, however, should not be overlooked that the 5-franc piece to which our dollar would be made to conform is too small for practical gold coinage and smaller than any gold coin now minted in either England or America. The result would be that the 25-franc piece, to which the sovereign and half eagle would be made to conform, would be practically the coin unit, and this coin would be of no even weight in grams or grains, and the weight of the multiples and submultiples of it would also be expressed in awkward, vulgar fractions. Its weight, nine-tenths fine, would be the same as the present Spanish 25-peseta piece, viz, 8.064 grams. If this weight were made an even 8 grams, then other coins of half, double, or quadruple its value would also be of even weight, and the whole system and series of coins would be much simplified. A comparison of the coins of corresponding size of the various nations will show that 8 grams is near their average weight, and in no case is any very considerable change necessary. The half eagle weighs 8.359 grams; the sovereign, eleven-twelfths fine, weighs 7.988 grams, and if nine-tenths fine would weigh 8.136 grams; the 25-peseta piece of Spain weighs 8.064 grams, as would the proposed 25-franc piece of France and the Latin Union; the 5-yen piece of Japan weighs 8.333 grams, and the 20 mark piece of Germany weighs 7.965 grams. Thus the present corresponding coin of Germany alone drops below the proposed coin in weight, and that but very slightly.

The difference in intrinsic value between the above-named coins and the suggested new coin, especially if the old coins had been long in circulation, would not be enough to disarrange general values or work material injustice, but would give sufficient profit to induce a recoinage, and thus lead to the speedy and general use of the new coin. The

expense of recoinage would not be burdensome on the Government, as such cost would not exceed one-twentieth of 1 per cent, as stated by the Senate Finance Committee in 1868. In the recoinage of the sovereign, however, somewhat more expense would be incurred, as the fineness of metal would necessarily be changed from eleven-twelfths to nine-tenths fine. Such change in the fineness of the coins, however, has been for some time contemplated by the English Government on economic grounds, and would not be likely to seriously stand in the way of the adoption of a coin otherwise acceptable.

Your committee have assumed that a distinctive international coin, readily recognized as such, is desirable. It might properly be on one side of uniform design, with emblems, legends, and devices which would indicate its international character and value. The other side might have the distinctive national design, devices, and inscription of the nation coining and express its value or equivalent in other coins of that nation.

An 8 gram nine-tenths fine gold piece which would be made equivalent to 25 francs in France, to a sovereign in England, to 20 marks in Germany, and a half eagle in the United States would not disturb the relations between gold and silver coins in these countries, because that relation now is purely arbitrary and widely different from the relative commercial value of the two metals. If no change were made in silver coins it would increase the ratio between silver and gold to the extent of the reduction of the value of the gold coins, but this would be but slight.

With the sovereign, the half eagle, the 20-mark piece, and the 25-franc piece assimilated into one coin, the problem of monetary unity among the nations would be solved. The convenience of each nation would speedily provide for larger and smaller coins, multiples and submultiples of this international unit, even if they were not embraced in the international agreement, as they very probably would be.

The one thing to be sought, however, is one international unit—a common denominator of value so fully recognized and accepted by all commercial nations that all values in international transactions, all statistical statements, and market quotations shall be expressed in its terms. The attainment of this single end, if nothing more were sought, is worthy the zealous effort of all the nations, and certainly there can be no objection to a conservative and intelligent attempt by this country to initiate a movement to bring it once more favorably and fairly to the attention of other nations.

We have hitherto made motions in this direction, but with no great degree of earnestness or patience. France zealously sought to bring into the Latin Union other nations, but the jealousy, if not the interest, of England stood in the way on the one side, and on the other the disordered state of our finances and financial ideas prevented the cooperation we otherwise might have given. Since then a generation has passed away. The advantages of united action and cooperation among nations have been demonstrated in postal unions, by extradition treaties and reciprocal trade agreements, and seem about to be further exemplified by the establishment of a great international judicial tribunal of last resort. The time seems opportune for an earnest effort to secure what, as was well said in the 1867 conference, the whole world agrees to be desirable, viz, a common medium of exchange and measure of value.

If a coinage of silver to circulate beyond the limits of the nation coining is sought a more complicated question is presented. Under existing conditions and relations such international coinage of silver

could only be attained by agreement fixing not only the fineness of the metal and the weight of the unit determined upon, but the amount to be coined by each nation if at its own mints, and for each nation if at a common mint, and by specific provisions for redemption on demand by the coining nation, and by regulations prescribing legal-tender qualities. Such provisions entered into the compact of the Latin Union, and probably patient effort might reach some similar basis if desired as part of a general plan for international coinage. Silver coins themselves, however, would hardly enter largely into international exchanges which involve large transactions. Such coins are more particularly adapted to the smaller domestic transactions of the several nations. It may not be amiss, however, to say that various plans for the use of silver in international exchanges, through the medium of international certificates of deposit of silver coin or bullion under treaty stipulations, have been proposed, and some of them elaborated with much intelligence and care. Your committee believe, however, that their discussion can more properly follow than precede the adoption of a more simple basis of international cooperation. A conference, if called, may properly consider all these things, and the resolution reported purposely contemplates a careful consideration of both silver and gold for international monetary purposes, and any plan that shall give to silver an enlarged monetary use upon the solid basis of international agreement will be gladly accepted by the United States.

The simpler problem, however, and the more important desideratum of some common denominator, of some agreed universal monetary unit, must not be lost sight of in speculation and plans for the application of that monetary unit in the subsequent development of a system which can only be possible after such unit is agreed upon.

In this matter, as in many others, we can not take the whole journey at one jump. We must walk before we can run. Our progress must be step by step. We can best settle one thing at a time. Let us have at least one common coin, more if we can obtain them, but not risk coming to the ground by seeking to repose on too many stools. Let us unite the nations in a common interest by the actual use and currency of some universal coin or coins. When that is done it will be all the easier to broaden their interest to embrace everything that relates to this common currency, of what it shall be composed, how it may be improved, and how by it the interests of all may be promoted. Thus the relations of gold and silver will inevitably come to be a common concern, and thus, if at all, will come that concurrent and united action of all nations which shall give to silver its widest use and usefulness as a money metal, and lift its relative value to its former level, if the accomplishment of that result is within the scope of human power.

It may not be amiss before concluding to call attention to the fact that money of coinage and money of account are not necessarily the same. The legal unit of our money of account is the gold dollar, and yet none are coined or in circulation. The unit of international coinage if agreed upon in the present generation, it is fairly safe to say, must either conform to the sovereign of the British domain or to some multiple of the franc of the Latin Union, or so closely approximate to both as to be acceptable in place of both. This would be a convenient coinage unit, but too large for an entirely convenient unit of account. The French unit of account is the franc, which, to Americans at least, seems too small. That the pound or sovereign of England is too large is manifested by the general use of the shilling as a sort of coordinate unit of account. The dollar stands intermediate between the franc and

the sovereign, is of extensive use as a coin, and world known as a measure of value. With a fixed and definitely defined relation to any coin determined upon as a unit of international coinage, it would make a convenient unit of account. If the half eagle were made to exactly conform to a new international coin, and the dollar thus become exactly one-fifth of this coin, American dollars would speedily work themselves into the world's currency along with the franc. Let the new coin be called the sovereign or pound if you please. It would equal \$5, and the dollar would equal 5 francs or 4 marks; and francs, marks, dollars, and pounds would constitute the world's currency. These denominations would be convenient of form and proportion, of acceptable nomenclature, blending the systems and terms of four great nations, would be substantially decimal in character, and well adapted to the convenient uses of daily life. Such coins, if backed by the agreement and use of the four great commercial nations, would ultimately become the universal currency of the civilized world.

The adoption of such a system would involve such a reduction in the value of our half eagle, and hence of our dollar, as to render proper, and probably necessary, legislative enactments prescribing the legal relation of the new and the old coins so far as concerns existing debts, but this would involve no complicated problem.

It is further suggested that with an international coin or system of coinage once agreed upon the practical utility of some system of international certificates of deposit of such adopted coin would probably command early attention. Such system of certificates of deposit might be molded into form to largely promote the convenience of trade and lead to a very considerable saving in the matter of freight, insurance, and abrasion of coins in transit between different nations. In 1893 we imported \$58,061,542 in gold coin and exported \$79,496,225. In the same year we imported \$13,405,432 in silver coin and exported \$14,620,984. It will thus be seen that in that year \$71,466,947 in coin made the double trip across the ocean and back, except so far as any of this coin passed the Canadian or Mexican borders, and this amount was inconsiderable. Exceptional causes have made the exports greater and the imports less since then till the year just closed, in which the imports largely exceeded the exports. If we remember that we are speaking of the coin exports and imports of only one nation, we gain some idea of the extent of the actual transportation of coined money from nation to nation, and of the magnitude of the grand aggregate of these amounts.

Paper representatives, and for international purposes mostly in large denominations, of a universal coin would save much of the labor, risk, and loss attending the shipment and reshipment of vast amounts of coin, and would to some extent serve the purpose of an international clearing house. It may also be worthy of consideration whether by such certificates the use of silver in international exchanges may not be considerably extended. The actual transfer of a million silver dollars would be a material addition to the freight of any vessel, but the paper representatives of the same sum could be transmitted in a package of ordinary mailing size or carried in a coat pocket. The actual coin shipments would be but the money balance found for or against any nation, and the adjustment of these balances by actual shipment of coin would be as relatively unusual as the adjustment of bank differences by payment of money instead of by debit and credit entries. These suggestions, however, are purely tentative and entirely secondary to the one important matter of the adoption of a common coin.

The inestimable convenience of the use of such coins in the vast field of international commerce, which in 1893 reached the stupendous proportions of \$17,500,000,000, is evident to everyone. The saving of time and mental effort in translating and converting from the currency terms of one nation to those of another the almost innumerable sums which make up this great aggregate can hardly be estimated. The saving in brokerage and exchange commissions would be no inconsiderable sum, and the absolute loss of human labor and energy expended in minting the coins of one country only to be melted down into bullion and reminted in another is an immense and apparently unjustifiable waste of such labor and energy.

The metal for the silver coinage of the British mint of last year was derived from melting down Mexican dollars fresh from the Mexican mint and bearing the date of 1896. In 1893 Austria coined 80,716,644 florins from the melted gold coin of other nations and in the following year 28,219,465 florins. In 1893 the United States coined \$12,518,764.88 from foreign gold coins and over a million dollars from foreign silver coins, and in 1894 Germany melted down and recoined 22,128 pounds of the gold coin of other nations. These figures, gathered from the report of the Director of the Mint, and relating to but two or three of the many nations, and confined to the transactions of but two years, indicate the vast waste and loss incurred in the series of years which are past and which should be avoided in the many years to come.

Your committee have deemed proper to refer historically to former propositions, movements, and discussions looking toward monetary unity that it may be well understood that this is not one of the large crop of devices and schemes that have come to the front in the last few years as remedies for our financial troubles. It was strongly urged long before the divergence in relative value between gold and silver produced the clash of theory and experiment with stubborn fact which has characterized the last two decades, and its desirability has been in no way lessened by the changed relations of the money metals.

Without entering into exhaustive argument the committee have endeavored to fix the attention on some of the advantages that would flow from a union of nations on a common coin, but are convinced that practical experience would develop many others and perhaps of no less importance. They believe the object is worthy of earnest and continuous national effort, and that the Executive should be authorized and requested, in such diplomatic and discreet manner as commends itself to his judgment, to bring the matter earnestly to the attention of other nations as a question of practical business economy and an aid to easier and more convenient commercial intercourse. It should and would in no way interfere with the international consideration of the more general question of bimetallism whenever an opportune time arrives for such consideration, but action on a matter the desirability of which all admit should not be made to hinge on a prior agreement by the nations on another subject in relation to which they seriously differ. The one question should in no way interfere with or stand in the way of the other. Both may be considered together, but such joint consideration is by no means necessary, and may not be advisable.

Your committee therefore report back the resolution committed to them with the recommendation that it do pass, but with the following verbal amendments, viz:

First. In line 19 strike out the words "if in session," so as to leave the appointment of commissioners fully subject to confirmation by the Senate.

Second. The committee deem it best that the investigation and effort contemplated by the resolution should not be restricted to a single coin, but whatever the outcome of the effort may be, the attempt at least should be made to secure an international coinage of both gold and silver, and they therefore recommend that the resolution be further amended by striking out the following words, viz, at the end of the sixth line the word "an," in the seventh line the words "coin or," in the fifteenth line the word "a," and the word "coin" at the end of the line, and the word "or" at the beginning of the sixteenth line, so that the resolution amended as recommended, with corresponding amendment of title, shall read as follows, viz:

JOINT RESOLUTION authorizing preliminary proceedings looking to the adoption of international coins.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President be authorized and requested to invite, through our diplomatic representatives, an expression of opinion from the other principal commercial nations of the world as to the desirability and feasibility of the adoption of international coins to be current in all the countries adopting the same at a uniform value and to be specially adapted to invoice purposes; and if the expressions thus obtained from other nations are such as in the judgment of the President to render an international conference desirable, then he is hereby authorized to invite such conference at such time and place as he may designate, to consider and report to the several Governments joining in such conference a plan or plans for the adoption and use of common international coins, composed of gold or silver, or both; and if such conference is called the President is hereby authorized to appoint thereto three representatives of this Government, subject to confirmation by the Senate, for whose compensation and expenses provision shall be hereafter made.